

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

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SMALL MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **ORGANA MINERAL PRODUCTS, INC.** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **S/055/026** which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

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- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling

ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
- 3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
- 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
- 5. If the Surety expressly provides for cancellation or termination for non-renewal:
 - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
 - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation

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obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

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12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

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The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

ORGANA MINERAL PRODUCTS INC.
Operator Name

By GARY JACKSON
Authorized Officer (Typed or Printed)

OWNER (PRES)
Authorized Officer - Position

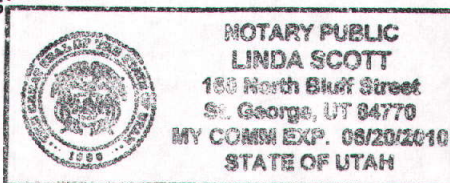
Gary Jackson
Officer's Signature

3-26-07
Date

STATE OF UTAH)
COUNTY OF WASHINGTON) ss:

On the 26 day of MARCH, 2007, GARY JACKSON personally appeared before me, who being by me duly sworn did say that he/she is an OWNER / PRESIDENT (owner, officer, director, partner, agent or other (specify)) of the Operator ORGANA Mineral Products INC and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors or as may otherwise be required to execute the same with full authority and to be bound hereby.

Linda Scott
Notary Public
Residing at 160 North Bluff St. St. George, UT 84770
JUNE 20, 2010
My Commission Expires:



☒ APPROVED

DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

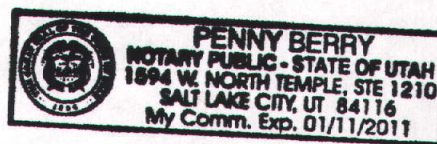
4/20/07
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 20 day of April, 2007, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.

Penny Berry
Notary Public
Residing at: Salt Lake

1/11/2011
My Commission Expires:



FACT SHEET

Commodity: HUMIC SHALE
Mine Name: ORGANA PIT MINE
County: Wayne
Disturbed Acres: 1

Operator Name: ORGANA MINERAL PRODUCTS INC.

Operator address: 515 WEST 300 NORTH SUITE F, ST. GEORGE, UTAH 84770

Operator telephone: 435-652-4551

Operator fax: 435-656-0072

Contact: GARY OR LANCE JACKSON

Operator email: MGARY332@Hotmail.com

Surety Type: cash CASHIER'S CHECK

Bank Name: Zions

Surety Amount: \$4000.00

Account number: to be issued

Contact: Beth Ericksen, DOGM, 801 538 5318

Escalation Year: 2009

Tax ID or Social Security (for cash only):__

Cash RECEIPT

Date 4/3/07

MINERALS BOND

\$40000

used by
ipitation

Organa Mineral Products Inc.
Claim #S0550026 RB

Date 3/26/07
Amount 4,000.00

**CUSTOMER COPY
NON-NEGOTIABLE**

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Permit Number	S10551026
Operator	ORGANA MINERAL PRODUCTS INC
Received by	Beck
Signature	I confirm the dollar amount of this check is correct <input checked="" type="checkbox"/>

THE FACE OF THIS CHECK HAS A REFLECTIVE METALLIC EAGLE HOLOGRAM & BLUE BACKGROUND



THE VILLAGE BANK

284 East Tabernacle • St. George, UT 84770

NOTICE TO CUSTOMER

As a condition to this institution's issuance of this check, purchaser agrees to provide an indemnity bond prior to the refund or replacement of this check in the event it is lost, misplaced, or stolen.

OFFICIAL CHECK

022083

Purchased by: Organa Mineral Products Inc.
Description: Claim #S0550026 RB

Pay FOUR THOUSAND dollars exactly

3/26/07 4,000.00



To the State of Utah, DOGM
Order of

Matthew Spiller



Security Features on Back

THIS CHECK CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO VIEW

Organa Mineral Products Inc.

515 West 300 North Suite F

St. George, Utah 84770

Office (435)652-4551

Plant (435)673-3884

Fax: (435)656-0072

Date: 3-27-07

To: DIVISION OF OIL GAS & MINING

ATTN: BETH EVICKSEN

From: GARY JACKSON

RE: ORGANA MINERAL PRODUCTS INC. #50550026

Message: BETH,

ENCLOSED IS A CASHIERS CHECK FOR 4000.⁰⁰ TO COVER
THE BOND REQUIREMENTS FOR OUR MINE FOR RECLAMATION PURPOSES.
ENCLOSED IS OUR SIGNED RECLAMATION CONTRACT THAT HAS BEEN
NOTORIZED.

ENCLOSED ALSO IS THE FACT SHEET FILLED OUT.
PLEASE LET US KNOW IF YOU NEED ANYTHING ELSE.

WOULD LIKE TO KNOW AS SOON AS POSSIBLE WHEN WE
CAN START MINING

THANKS
Gary Jackson

TOTAL NUMBER OF PAGES SENT INCLUDING COVER PAGE ()

RECEIVED

MAR 30 2007

DIV. OF OIL, GAS & MINING



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 5, 2007

TO: Susan White, Mining Program Coordinator *SMW*
FROM: Paul Baker, Reclamation Biologist *PAB*
Subject: Surety Amount, Organa Minerals, Organa Pit Mine, S0550026, Task 1590, Wayne County, Utah

The reclamation surety amount for this mine is \$4000.00, and this was determined in cooperation with John Blake of the School and Institutional Trust Lands Administration. The site to be mined is within the pit of the existing Factory Butte Mine. The operator has committed to mine as follows:

Operations will begin by looking for a desired seam of material. They will dig a trench 50-100 feet long and 3-4 feet deep. If the seam is not found, this area will be reclaimed and a new trench dug.

When the material is found, a 14 X 14 foot square area will be excavated up to 14 feet deep. Old spoils will be used to backfill the excavation.

These disturbances are significantly less than an acre. There is no topsoil to salvage or redistribute, and the mine area contains no vegetation whatsoever.

John Blake's primary concern for reclamation is that any exposed coal be covered to maintain its quality for anyone who might potentially mine it in the future. The plan contains commitments to do this, and the surety should be adequate to mobilize a small piece of equipment from Hanksville or Caineville, such as a small loader or a backhoe, and backfill the excavation.

O:\M055-Wayne\S0550026-OrganaPit\final\memo-bond-04052007.doc

From: John Blake
To: Paul Baker
Date: 3/15/2007 10:52:22 AM
Subject: Re: Organa Pit

\$4,000 sounds right.

>>> Paul Baker 3/15/2007 10:43 AM >>>

Attached is the latest operations plan. It is basically the same as what he previously submitted except that he included a commitment to use spoil material and to leave the spoil area neat.

I still need to finalize a bond amount. I think I said previously that our standard amount is \$5400 but that I think we could get by with as little as \$3000. Maybe we should ask for \$4000.

>>> John Blake 3/13/2007 9:49 AM >>>

If they dig a pit into the bench area at the southern end of the old coal mine then they need to fill it back in to reclaim. They can use material from the old coal-mine spoils pile to do the reclamation.

>>> Paul Baker 3/13/2007 8:18 AM >>>

This is the plan he sent me. Please let me know if you have concerns about how he plans to operate:

My plan of operation is as follows:

To start in the south area of the pit in the area that Ken Westwood had taken out material before. We will use a back hoe to dig 3 to 4 feet deep and go 50 to 100 ft long until area is found. If we do not find the material we will reclaim that area and move a little and go again until old stock pile is found. We have people who have worked for Ken & know where it is.

When we find the material we will make a 14 x 14 square and could possibly go 8 to 14 deep to get the material out. The material would be dug out and loaded into trucks for hauling.

We know the pit area is a sensitive thing and we plan to keep the contour, drainage not get into any coal seams and not disturb any large area.

We have experienced contractors who know the area and are in Cainville, Hanksville and Bicknell that are close so they can do any work we need. Any area for reclaiming will be kept at a minimum. Any help in the size of the bond amount would be helpful and you will find us cooperative and easy to work with.

>>> John Blake 3/8/2007 2:40 PM >>>

It is important that his operations be restricted to the bench area in the southern part of the pit and the spoils piles on the eastern side of the pit. We don't want him digging down in the bottom of the pit into the lower coal seams. If he has not made a commitments to where and how deep he plans to dig then I think we need more information.

We need to restrict his operations to the bench area lying inside the south end of the old coal-mine pit. I can't be certain, but it looks like this is the area he has marked on the map. I also told him that he could dig in the old spoils piles along the east side of the pit, so long as he re-grades and doesn't leave it a mess. If you feel you need additional information from Mr. Jackson then you should request it. We need to get him going soon, however, as his permit expires #ML50501 expires this Fall. Thanks

>>> Paul Baker 3/6/2007 4:12 PM >>>

John--

Attached is the latest version of Gary Jackson's Organa Pit Mine NOI. It hasn't actually changed a lot since the original version except that it now says he will only disturb 0.5 acres instead of 5.

Except over the phone, he won't seem to give me a description of the mining operation, i.e. how deep he plans to dig, etc. Our standard amount for a one-acre site is \$5400 although I think we could get by with less, possibly \$3000, if he would give me the description he gives over the phone. He only plans to dig maybe five feet.

I would appreciate your input.

Thanks.

Paul